



ASPEN FAMILY BUSINESS GROUP, LLC

DEEP RELATIONSHIPS. ENDURING LEGACIES.

Axioms for Families in Business

by Joe Paul

There comes a time in one's career when the desire to pass on what has been learned grows stronger. One way I am satisfying this desire is to articulate the ideas that have been most influential in my work.

An axiom is a self evident assumption that is the beginning point for reasoning. At the risk of hubris I have come to think of the following list as "Axioms for Counseling Families in Business." If you are part of a business family I invite you to consider these assumptions in the context of your own family. If you are an advisor I hope that these postulates are as useful to you as beginning points in understanding your clients as they are for me.

1. The level of trust in the family and business is the ultimate determiner of what is possible.

Low trust systems are more expensive, sluggish and litigious.

2. Among the factors that make a family business work, trust is more important than love.

If you love someone but don't trust them it is a taxing and often destructive relationship. But if you trust someone you don't necessarily love the relationship is durable and safe.

3. The flow of information and knowledge is proportional to the level of trust among stakeholders.

In low trust cultures knowledge is hoarded while in high trust cultures knowledge is willingly shared.

4. It isn't a question of whether a family in business is governed; the question is what are they governed by?

Organizations that are governed by principles are very different from organizations that are governed by personalities or emotions.

4. Agreements and contracts will not control family dynamics that are driven by mistrust and unfairness.

When a client is resisting the implementation of an advisor's plans it usually means that the advisor has missed something in their assessment. That overlooked factor is often related to problematic family issues.

5. Skillful communication is the most influential result of family business counseling.

Crucial discussions about business ownership, management and governance are neglected because the client is afraid of the consequences in family relationships.

6. Resistance to change is a requirement for survival.

A system must manage the pace the process of change to preserve predictability and reliability.

7. The capacity for change is a requirement for survival.

Systems that are too rigid to accommodate change will be made obsolete.

8. Resist the temptation to rush to solutions.

An advisor who is trying to appear clever or who wants to control family dynamics with documents will likely overlook or ignore important factors that will undermine his or her advice.

9. It is dangerous to use the company to control family problems.

Both the business and the family will be damaged if you try to control family dynamics or a problematic individual family member via the business, i.e. with employment or inflated salaries.

10. The intangible assets in a family's legacy sustain the tangible assets and give them meaning.

In families where wealth is sustained for multiple generations the purpose of the financial assets is the development of the social and intellectual capital of the family.